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# THE SENATE DEBATES

## (OFFICIAL REPORT)

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FIRST SESSION 2003 – 2008

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### THE SENATE

*Wednesday, December 1, 2004*

The Senate met in the Senate Chamber, Parliament Buildings on Wednesday, December 1, 2004, at 11.15 a.m.

#### PRESENT

His Honour Senator Sir FRED GOLLOP, K.A., J.P. (President)

Her Honour Senator Dame PATRICIA SYMMONDS, D.B.E., G.C.M., B.A. (Hons.), (P.G.C.E.), J.P. (Deputy President)

Senator the Hon. E. R. GRIFFITH, G.C.M., J.P. (Minister of Agriculture and Rural Development) (Leader of the Senate)

Senator T. E. BARKER, B.A. (Hons.), M.A. (Econ.), J.P. (Parliamentary Secretary, Ministry of Finance and Economic Affairs)

Senator Sir ROY TROTMAN, K.A., M.A.

Senator the Hon. Mrs. V. E. NEWTON, S.C.M., B.A., (Spec. Hons.), M.A., LL.B. (Hons.) (U.W.I.), F.L.A. (Gt. Brit.), L.E.C.

Senator the Hon. Miss L. V. EASTMOND, LL.B., (Hons.) LL.M. (Minister of Commerce, Consumer Affairs and Business Development)

Senator I. ST. C. LINTON

Senator G. P. B. NICHOLLS, B.Sc., (Hons.), LL.B. (Hons.)

Senator G. P. I. GOODING-EDGHILL

Senator F. J. STUART, B.A., LL.M.

Senator Dr. D. S. LOWE, Ph.D., Dip. Theology, B.A., Med, ED.D.

Senator the Reverend H. E. CRICHLow, G.C.M, B.A. (Hons.) (Dunelm)

Senator Dr. F. L. CHANDLER, Ph.D., B.Sc., (Hons.)

Senator A. C. FIELDS

*Prayers were led by Rev. Father Errington Massiah.*

#### ANNOUNCEMENTS BY HER HONOUR THE DEPUTY PRESIDENT

MADAM DEPUTY PRESIDENT: I have received apologies for the absence of Senators the Hon. J. E. D. Williams, Sir John Stanley Goddard, R.W. Grant and Senator Parris.

This Senate is in Session.

#### ANNOUNCEMENTS BY HER HONOUR THE DEPUTY PRESIDENT

Madam DEPUTY PRESIDENT: It is with regret that I announce the passing of Senator Branston Collymore. Tributes in this Honourable Senate will be paid later. At this point I offer condolences to the Senator's family on behalf of the Senate.

#### PRESENTATION OF PAPERS

SENATOR THE HON. E. R. GRIFFITH: Madam Deputy President, I am commanded to lay the following document:

Annual Report of the Caribbean Broadcasting Corporation for the year 1998.

#### SUSPENSION OF STANDING ORDERS

SENATOR THE HON. E. R. GRIFFITH: Madam. Deputy President I beg to move that Standing Order No. 45(2) be suspended for the remainder of today's Sitting.

*The question was put to the Senate and agreed to.*

## INTRODUCTION OF BILLS

SENATOR THE HON. E. R. GRIFFITH: Madam Deputy President, I beg to move the first reading of the following Bills:—

1. Local Loans (Amendment) Bill, 2004.
2. Miscellaneous Amendments (Budgetary Provisions) Bill, 2004.

*The question was put to the Senate and agreed to.*

PUBLIC BUSINESS – ORDER No. 3  
LOCAL LOANS (AMENDMENT) BILL, 2004

SENATOR THE HON. E. R. GRIFFITH: Madam Deputy President, the amendments to the Local Loans Act as well as the Miscellaneous Amendments (Budgetary Provisions) Act is related to each other in the sense that both of them have significant relevance to the functioning of the economy and as a result I wish to propose that we may consider having one discussion and speak on both issues to avoid the possibility of repeating ourselves when we go the usual route of having separate discussions.

Madam, the Bill before, the Local Loans Act, is seeking an amendment under Section IV.1 to Cap. 98. That is where the provision is made for the limit of borrowing which the Minister of Finance can undertake over a period of time, and the present limit is \$2.2 billion under that section.

Madam Deputy President, there are a number of outstanding issues that have to be redeemed between now and the financial year. As Honourable Members are aware, this is the Act under which the Government raises funds by way of debentures, treasury notes and other domestic paper. There are a number of issues that have to be redeemed between now and the end of the fiscal year. When those redemptions take place, we will have approximately \$30 million left for the new issue, and that has given rise to increase the limit to facilitate borrowings over time.

Madam Deputy President, if we look at the Revenue and Expenditure which were approved by Parliament for the period 2004-2005, we would discover that the deficit, as indicated on the front of the document 2004-2005, as calculated on the basis used by the Accountant General is \$497.5 million. If we look at the Table, which deals with the financing for the deficit, we would discover that domestic financing at that time was projected to reach \$466.4 million.

Madam Deputy President, when you take out the issues that are going to be rolled over, because when dealing with debt you either retire the debt or roll it over, it is sometimes

prudent to retire and reduce the overall debt, but it is sometime prudent to roll it over so that it gives you some flexibility to do other things with the funds.  
11.30 a.m.

Therefore, rolling over is a normal part of the strategy used by any administration in the management of the fiscal affairs. The issues which are to be redeemed between now and then and which, most likely, will be rolled over come to approximately \$200 million.

It means then, based on the projected deficit in the Estimates approved by Parliament, that there is scope for another \$266.4 million to be financed. The Government is therefore proposing that the limit, as it now exists, is increased by \$550 million, to provide scope over time to facilitate local borrowings as they become necessary.

The issue of debt is one that creates some discomfort to individuals if they are borrowing for their own purposes. There are folk who often say that they do not like the idea of getting into debt but that is the case with the individual. It is necessary for administrations to borrow in order to facilitate the development of various projects and to create some additional capacity within the economy.

As all of us know, the borrowings from time to time take place in two ways. An administration borrows internationally, in which case that is covered under the External Loans Act, or it borrows domestically, in which case it is covered under the Local Loans Act which we are discussing.

When the borrowings take place under the External Loans Act, an opportunity is created for additional resources to be brought into the economies. Therefore, the administration at a particular point in time is able to do additional things. However, when the borrowing takes place domestically, there is no such opportunity created.

There is an infinite amount of resources available within any country and these are financial, human and other resources. It is an issue of if they use all by the private sector, or they use all by the public sector. What is important here is that a balance is struck and the Government does not engage in borrowing at the domestic level to the point where it crowds out the private sector. There is absolutely nothing wrong with the Government borrowing. Prudent management will dictate that any such borrowing takes place within a setting that the private sector is still left with an adequate amount of resources.

This is done on the presumption that the private sector, with its keen eye for business, is likely to use the resources more efficiently than the public sector. We need not detain ourselves with whether or not that is absolutely true but that

is the presumption. However, the real issue is that either side takes control of the resources, human or financial, that it prevents the other side from being able to develop business opportunities. Madam Deputy President, you will recall that last year when the Minister of Finance delivered his Economic Statement to Parliament, he spent a considerable amount of time speaking about the Government's strategy for the management of the debt. He indicated that the debt had risen to approximately 72 per cent of the GDP, because of certain decisions which the Government had taken to give the economy an additional boost, after the downturn which was experienced following September 11, 2001 and other events.

He also indicated that the Government's strategy over the long-term would be to reduce that to 60 per cent. As part of the effort to do so, the Government would be controlling the deficit and will try to bring it down to approximately 2.5 per cent, which is considered to be a reasonable position to be in.

The deficit, as projected in the Approved Estimates for 2004/2005 on the Accountant General's basis, which is completely different from the basis used by the international financial institutions, was approximately 8.8 per cent but, when converted to the basis used by the international financial agencies, it came down to approximately 2.9 per cent of the GDP.

The latest information which I have suggested that by the end of the fiscal year, the Government would have succeeded in bringing the deficit down to about 2.6 per cent, more in line with our goal which is set at 2.5 per cent, and that is a commendable effort.

When a country engages in borrowing, as is the case with an individual, the ultimate issue is whether or not the country will be in a position to repay the sum borrowed, and the ability or inability of the country or the individual to repay those sums, will largely depend on the financial strength that the individual or country has at the point in time. If an individual borrows from a bank to hold a party, then that individual is likely to find difficulty repaying the loan when the time comes.

The point is, Madam Deputy President, that there is nothing wrong in borrowing to create assets which will enable an individual or a country to be in a position, ultimately, to repay the debt. Therefore, when a Government borrows internationally or domestically to create assets such as the Airport, that is something of great significance to the future development of the country. It serves to boost the productive capacity of the country and will certainly enable it, in due course, to pay back the debt that it incurred in order to create that asset.

Madam Deputy President, there is also nothing wrong when the Government borrows to renovate the schools and to expand the EduTech Project, which is seeking to prepare our youth in the future to cope in the competitive international environment that is being created. There is nothing absolutely wrong when Government borrows these types of funds that will allow the country to expand.  
1.40 p.m.

Madam Deputy President, in relation to the debt, the issue people like to speak about is the issue of inter-generational equity, that is, that the generation doing the borrowing is likely to pass on the debt to future generations for them to repay. Again, there is absolutely nothing wrong with the present generation borrowing money to create assets which would be passed on to future generations. If they inherit the asset in good shape which would allow them to enjoy a standard of living that they otherwise would not have been able to enjoy, there is nothing wrong with them being asked to pay some of the debt.

Madam Deputy President, if that debt had not been incurred to create that asset, they would have been poorer and they would then have to go to create those assets and probably pass on some of the repayment to others. Madam Deputy President, when it comes to the question of inter-generational equity, the issue there is whether the money was used to create assets that fall to future generations to give them a better life than they would otherwise have.

Madam Deputy President, in the case of the issue of the increase in the limit, the Government made it clear through the statement made by the Minister of Finance last year when he presented his economic proposals that it was rather unlikely that the Administration would be getting involved in any significant borrowing on the international market within the foreseeable future, so that is not an issue. Of course, the Government will from time to time continue to borrow from the Inter-American Development Bank and the Caribbean Development Bank, the two institutions, to which it has access at the moment for funds.

The Government is borrowing money that way, but it is borrowing on a different basis in terms of interest rates and that money is directly related to projects. As long as appropriate projects are presented to those institutions from time to time, they will make the necessary funds available. However, that is separate and distinct from going to the bond market or some other facility.

The Government, however, needs to have all of the tools available to it from time to time to deal with issues as they arise. The fact that there is a proposal to increase the local loans limit does not mean that Government will willingly go and borrow. The management of the debt is an

important tool which any administration has to use wisely. One cannot manage an economy by running around when a problem occurs to get tools to deal with it, one has to have the tools in advance so that as the issue comes up it can be dealt with.

Madam Deputy President, what is being proposed here is that the limit be increased to provide the flexibility in case the need arises so that the Minister of Finance can make the appropriate borrowing. Those are borrowings, as I said, which are in excess of the redemptions. If the roll-over may take place, say, on December 25, that is when the issue will be retired, and the administration would have to borrow before that time in order to make that payment. At the point in time when the borrowing has to take place, it would be regarded as additional, but when the retirement takes place, it comes back to the administration. That is separate and distinct from new issues that have nothing to do with the roll-over. There must be some provision there for the new issues in case the need arises, and that is what is being proposed.

Madam Deputy President, in dealing with this issue then, we need to ask ourselves if the country is going to be able to repay any agreed loans which the economy takes. My answer to that is "yes", unless some unfortunate crisis overtakes us. Presently, there is no crisis. If you look at all the indices, you would discover that the economy is performing well. However, that is not to say that there may not be areas of concerns and areas where there is need for some remedial work to be done.

Madam Deputy President, if you examine the statement made by the Central Bank at the end of September, you would discover that up to that point in time the economy grew by approximately 2.8 per cent over the performance of last year which at that time was 1.6 per cent over the year before.

Madam Deputy President, that growth was largely the result of the continued advancements in the tourism sector which have been propelling the economy for a long time now. However, there has also been some growth in other areas. In the international business sector, there was growth as well. In the manufacturing sector things remain about the same, so there was no significant deterioration there. In non-sugar agriculture, because of the number of unfortunate incidents, there was a marginal decline.

Madam Deputy President, all of us know of the vagaries that plague the agricultural sector. If you look at the Economic Report at the end of 2003, you would notice that at the end of the last calendar year non-sugar agriculture grew by 2.2 per cent and that most of the subsectors within that sector were on the upward trend. Then came the unexpected rains, Hurricane Ivan and other rains. In the last two weeks we had lots of rain which, unfortunately, I was

not here to witness, but from all reports, I do not think we have had rains like those for a very long time, certainly not since I was a boy and that is quite a long time now.

The agricultural sector has been hit severely by those rains. So here when the sector was at the point where it was beginning to move upward after the decline in the previous years, the rains take over, so that is the nature of the vagaries in the agricultural sectors. The farmers have no control over that, so that they would have to start all over again.

Madam Deputy President, what is significant though in relation to the agricultural sector is that there are a number of initiatives which are being put in place that in the not too distant future would assist that sector in making it sound.  
11.50 a.m.

Madam Deputy President, the points to be made are that the economy is doing well; there is no financial crisis in our midst; and that Government is not going to have any financial difficulty in repaying any debts in which it will become involved over the coming years.

As I said, the repayment of this loan is not related to this fiscal year or the next fiscal year. It is set at a point where it will create that flexibility, without Government having to return to Parliament every other month to do that. Therefore, I trust that Honourable Senators will see this issue within that context.

Madam Deputy President, the other issue before us deals with the provisions coming out of the presentation made by the Right Honourable Minister of Finance last year, the Budgetary Proposals. In that presentation, a number of proposals were made, some of which required amendments to existing legislation and some which did not, such as the one relating to agriculture, in particular.

Madam Deputy President, what is now before us is seeking to amend the Exempt Insurance Act, Cap. 308(A); the Income Tax Act, Cap. 73; the Insurance Act, Cap. 310; the Land Tax Act, Cap. 78(A); the Mortgage Insurance Act, Cap. 233; the Property Transfer Tax Act, Cap. 84(A); the Value Added Tax Act, Cap. 87; the Income Tax Regulations, 1969, No. 109; the Valued Added Tax Regulation, 1996, No. 135. This Bill before us covers those areas of activities.

Madam Deputy President, these issues were debated at length by the public when they were presented last year. Therefore, some of what I may say now may sound redundant but it still needs to be said. If Honourable Senators would recall, Government has committed itself to changes to the Income Tax Act over a period of time, so that even though these changes would become effective year after year, they have been made known up front.

Madam, that is an important procedure which has been taken by this Administration because one of the essential components of a good tax system is that there would be that certainty where people would know well in advance what is going to be their tax liability, so that they can plan their business accordingly.

The Government, therefore, has committed itself to a number of changes in the personal income tax regime, some starting in 2003 when the basic rate was reduced from 25 per cent to 22.5 per cent. It will move to a further 20 per cent in 2004. The Corporation Tax will move by income year 2005, to 37.5 per cent. In 2006, it will move to 35 per cent. This is in addition to the changes that have already been made to the allowances.

Madam Deputy President, it is important to note that the allowances have been adjusted. If Honourable Senators would recall in 2004, it moved from \$15,000 to \$17,500. In 2005, it will move from \$17,500 to \$20,000. In 2006, it will move from \$20,000 to \$22,500; and in 2007, it will move from \$22,500 to \$25,000. Therefore, Government has committed itself to making adjustments to the personal allowances up to the year 2007.

Madam Deputy President, that is going to mean two things. From the point of view of the individual, it means more disposable income. Therefore, the individual who benefits from the adjustment will now be able to do a number of things with that money. On the other hand, it is going to mean a loss of revenue to the Government.

Madam Deputy President, this is important, particularly when it is taken within the context of what is happening around us, both regionally and globally. In addition, Government has committed itself to making other adjustments to individual's rates and to corporation rates. Therefore, both entities will have access to additional funds, with Government losing revenue in that aspect.

Madam Deputy President, when that is being taken within the context of what is happening at the international level, where the emphasis is being placed on the reduction of tariffs, it means that this is a very significant step which the Government has taken because when the tariffs are reduced, the Government is also going to lose revenue from the importation of goods.

However, since individuals will have access to additional resources, the presumption is that those resources would be used in a manner that would generate additional activity, and that the loss of revenue to the Government would not be as great as it might have been.

Madam Deputy President, this decision to change the regime of the income tax is not only important because it provides additional resources to the taxpayers but as far as the corporation tax is concerned, it seeks to bring the tax structure in Barbados more in line with the structure that exists in other CARICOM countries.

Madam Deputy President, as we seek to implement the CARICOM Single Market and Economy, harmonisation of tax practices, *et cetera*, will become an important element of that exercise. Therefore, Government is seeking to bring its tax regime more in line with what is happening elsewhere in the region, so that our corporate citizens would not be at a disadvantage, in relation to their competitors across the region.

Madam Deputy President, there are also two aspects in relation to land tax. There is the reduction and the exemption of the first \$125,000 tax-base. There is also the imposition of a cap on the amount of income tax. That is a commitment which the Administration has made and is now putting in place. In fact, it is already in effect because persons have already begun to benefit from that first \$125,000 but the cap is now being put in place. Therefore, these are two very important decisions put by Government.

12.00 noon

There was also the issue of Value Added Tax and the removal of duty on computers. These tax changes which were announced last year have, no doubt, had a part to play so far with the performance of the economy but in the case of tax decisions which are taken in relation to the economy, one does not see the benefit immediately in every case. This is a situation where one has to wait for the full impact to be seen over a period of time.

It is important that Government is taking initiatives that would create the kind of environment which would allow businesses and individuals to move forward.

Madam Deputy President, I beg to move that this Bill be read a second time.

SENATOR F. J. STUART: Madam Deputy President, the Leader of Government Business spoke on the amendment to the Local Loans Act to increase the limit. This is not the first occasion on which a Bill of this nature has come before Parliament. It is usual for Governments to come to Parliament from time to time to equip Government with the necessary flexibility to permit it to manage the economy of Barbados more effectively so at the level of principle the Opposition cannot claim to be taken by surprise that a Bill has come to Parliament to raise the limit. In fact, as recent as 2002, there was another such Bill to raise a limit on the Local Loans Act.

I listened with very keen interest to the introduction of the Bill by the Honourable Member and Leader of Government Business in the Senate and I have to say that it was one of the more guarded introductions I have heard from him in this Chamber. It was guarded in the sense that one did not get a sense of the chest-pounding that has characterised previous discussions of the economy. The introduction, therefore, gave me some cause for reflection.

He indicated that the economy is not in trouble, that it is performing quite well and that this Bill is only intended to put at the disposal of Government an opportunity so that should the need arise to exploit that opportunity, Government would not have to press the panic button, but would have the opportunity available to it.

Sir, some time in the month of March this year, when the Appropriation Bill was being discussed in this Chamber, I expressed some concern about the approach of this Government and the Barbados Labour Party to issues relating to the economy. In fact, I recall indicating that I look forward to the day when this Government would stop seeing Barbados merely as an economy and begin to see it as a society.

I have never met Dr. David Suzuki who recently delivered the annual Sir Winston Scott Memorial Lecture in March, but I was quite amused to read comments attributed to him at that lecture in which he raised concerns, not unlike those raised by me. I heard from the Minister today, the same kind of what I call "economistic" approach to the discussion of the issue that the economy is performing well.

Sir, I believe that people who have been complaining recently about the number of hours which they have to spend in the bus stand in order to get a bus home would be quite shocked to hear the statement about how well the economy is performing as would, of course, those large number of people on the waiting list for a house at the National Housing Corporation.

Sir, these are the absurdities that can lead us to what has been built over time as positive economics. In that debate in March, I indicated that there was a time in the history of Barbados when Barbados was described as the brightest jewel in the British crown. The economy was performing quite well and our exports were up, perhaps higher than at any other time in this island's history. Madam Deputy President, all was sweetness and light at the level of the economy but upwards of 90 per cent of the population was excluded from the benefits of that economic performance.

I want to start again by cautioning the Government about relying slavishly on these economic indicators to

preen itself when, in fact, the actual lived experience of real life human beings contradict these claims about how well the economy is performing.

Madam Deputy President, having said that, I think it is conceded that the issue of the national debt in Barbados has concerned Government.  
12.10 p.m.

The Minister of Finance in his 2003 Economic and Financial Statement addressed the issue and indicated that the Government is basically unhappy with the Gross Domestic Product ratio existing in Barbados today and that ratio was of such concern that every attempt should be made to get it back to 60 per cent. The Gross Domestic Product ratio was in the 70s when he spoke. The International Monetary Fund in its 2004 Article IV Consultation Report also drew our attention to the size of the national debt and that we need to get it back to some state of economic respectability.

The state of the national debt in Barbados is an issue for the Government, the International Monetary Fund and also for the Opposition. Ultimately, the question that will have to be asked is what after these massive increases in the national debt over the last 10 years does the Government have to sure the people of Barbados?

I believe that if I refer to the Economic and Financial Statement 2004, page 73, it says that the national debt of Barbados for the year 1994 was about \$2.4 billion and as at May 2004, an increase of \$4.1 billion. We have a climbing national debt over the last 10 years and the question that has to be asked is whether the size of that increase is justified by anything that we see in Barbados today or by the lived experience of ordinary citizens. That is the question which the Government has to answer.

I agree with the Honourable Minister that there is nothing wrong in borrowing if you can afford to repay. I have already stated on the floor of this Chamber if future generations are going to enjoy some of the more prudent investments which we make today, then there is nothing wrong in principle or at the level of equity in asking them to help repay for some of these investments. We do not have a divide on the issue which the Honourable Member called inter-generational equity. We are *ad idem* on that.

We are concerned that after 10 years in Government and with a climbing national debt that the lived experience of ordinary people in the society has not fundamentally changed in terms of the social services in which they can make legitimate claim.

Madam, there is a high level of liquidity in the commercial banking system. Therefore, if there is cheap

money around, there is nothing wrong with the Government using some of it. The Honourable Minister correctly said that one of the issues involved in the Government getting into this kind of borrowing is the issue of crowding out the private sector that may want to use some of these same resources to stimulate growth in the economy.

The reality is, the high level of liquidity in the banking system, notwithstanding that the local private sector has shown no appetite to exploit the money that is around, it seems to me that either there is nothing to invest it in, in which case the Government must look again at the environment it is creating for the private sector, or there has been some undermining of the confidence of the private sector, the economy and the Government's management of it and they prefer to play it safe. These are legitimate concerns that have to be addressed by the Government.

I understand all that the Honourable Minister has said about the redemptions that have to take place, the state of the deficit, another issue that is discussed both by the Minister of Finance in his 2003 Financial Statement and also by the International Monetary Fund.

We have the twin issues of debt and deficit confronting this regime and at the centre of all of this is a population whose quality of life has not changed and whose argument in the month of November, 2004 is still about not being able to get a bus to get home on time instead of spending three or four hours in a bus stand trying to get to their places of abode. Their argument is still about getting access to an affordable house which is one of the basic needs for human beings.

I am not terribly overwhelmed or impressed with what I have heard from the Honourable Minister and Leader of Government Business here today. If the economy is performing as well, as the Honourable Minister is saying, then it should be felt among ordinary people in the society to take refuge in the statistical recycle. To hide behind percentages, in my view, does not tell the true story of what the people in Barbados are actually experiencing in this economy.

The test of effective performance and functioning of the economy is the extent to which ordinary people whose labour and input into the daily effort of the country yield them rewards that they can live with and experience in a meaningful way, the extent to which the quality of their lives can be changed.

Sir, I derived no comfort at all from the fact that at this stage in our history, basic issues that we thought we had put behind us are still engaging the most disadvantaged people in the society because of how this Government has managed the resources placed at its disposal.

Madam, what makes this issue more painful than ever is that no previous Government in Barbados has had a fuller plenitude of resources at its disposal to spend on the people and on the services to which the people are entitled. Yet the people are not enjoying basic services and in the face of that, we are still hearing about how well the economy is performing.  
12.20 p.m.

I have no doubt, as somebody observed to me recently and it is a historical fact, that prior to the dismantlement of apartheid in South Africa, it was one of the wealthiest countries in the world and, certainly, the wealthiest on the African Continent, using the economic indices which we have in that part of the world. But, while boasting about all of these grandeurs, the bulk of the population was excluded from the benefits which the economy was supposed to yield.

They were still living in huts. They still had access to little or no transport. But, when the economic and financial statements were presented, the economy was doing well and that is really the flaw in the methodological approach we adopt to management in these societies.

This commitment to pure economics which, once the figures tell the story, you deduce from those figures that human reality is all we need. I have seen few indications more pointing than at the present time, when in this Chamber today, the Minister can say that there is no need to worry about the economy, and all is well when, in fact, in the society itself, where real people live, not models or statistics of forma, but actual flesh and blood human beings living, and their experience flatly contradicts what has been said in here today.

There is going to continue to be a divide between the Government and the Opposition on this issue. We do not believe or we have never believed that Barbados is just an economy, where statistics and percentages are the measure of human reality. It is our view that the test and the measure of human reality are how actual people live, the quality of their housing, the quality of their transport, their access to affordable high quality health services and all the social indices that go with the issue of quality of life.

Madam Deputy President, growth responds to the question of how much is quantitative in its focus. We are concerned with development, which is qualitatively spoken and which seeks to answer the question. How do people actually live in an environment where there is supposed to be abundance?

Therefore, the people of Barbados are not going to be happy, Madam Deputy President, to know that their national debt has nearly doubled over the last 10 years but the quality

of their argument has not changed. The issues that have bedevilled them have continued, so while we will not stand in the way of the Government in this effort to raise the limit on the Local Loans Act, we have to place our concerns on record, as far as the benefits that actually flow to people from the raising of this limit under the Local Loans Act.

Now, on the issue of passing on to future generations, if money is spent badly now, and the Minister made this point and I have to give him credit when it is due, there is really nothing to pass on. Therefore, even though we accept the principle of inter-generational equity, given some of the spending which we have seen in Barbados over the last 10 years, such as spending at Warrens, the St. Leonard's Secondary School, the GEMS Project, the Barbados Transport Board and the National Housing Corporation, there is going to be very little to pass on to future generations and pass on in the way that can justify the fact that between 1994 and 2004, this country's national debt nearly doubled.

Madam Deputy President, I think the Opposition has indicated its concerns. I am not going to delay this Chamber on this issue but, we will be watching to see when the borrowing takes place. The Minister said that it was just a facility being placed at the disposal of the Government. This has a very familiar ring, which is, the borrowing for a rainy day. We will also be watching to see for what purposes the borrowing is done.

We know that the Government has committed itself to a huge expenditure for the upcoming World Cup in the year 2007 and that money has to be found. It cannot be found by increasing taxes on people. It has to be raised to facilitate what happens at Kensington Oval and to facilitate Cricket World Cup 2007.

We will be monitoring these situations and we hope that when monies are borrowed for that purpose, the people who are dislocated to facilitate the World Cup 2007 will, in accordance with the Constitution of Barbados and the Land Acquisition Act, be promptly, adequately and effectively compensated for the lands that will have to be taken from them.

As far as this Bill is concerned, we do not accept any argument that says how well the economy is performing when, in fact, the lived experiences of the people of Barbados contradict what is being said. I note, Madam Deputy President, that the Miscellaneous Amendments (Budgetary) Provision Bill is coming to Parliament one year after the measures were announced by the Minister of Finance.

Now, I am not in a position to claim that there is anything illegal about this, under the Provisional Collection of Taxes Act. I believe that measures coming out of

Budgetary Proposals and laid in Parliament within four months, must relate to increases in taxes and imposition of due taxes and not to taxes such as those referred to in this Bill. It still has to be commented on that this Bill is coming to this Chamber just over a year after these measures were announced and it must say something for the efficiency of the Government in this regard.

12.30 p.m.

Another financial statement is supposed to be delivered next week for the year 2004, but issues relating to the Financial Statement of 2003 are being debated today. The Minister indicated that all of the Statutes that were affected by the Financial Statement that the Minister of Finance gave last year...

Madam Deputy President, I wanted to draw attention to the amendment to the Property Transfer Tax Act, Chapter 84A of the Laws of Barbados, and thereby hangs a tail. Prior to August, 1999, a non-national buying property here, in addition to paying the purchase price of the property, had additionally to find 10 per cent to pay to the Treasury as property transfer tax and the local vendor also had to pay 5 per cent of the purchase price he was going to receive to the Government as property transfer tax, so from transactions between non-nationals and locals in relation to land transactions, the Government could look forward to receiving 15 per cent in revenue by way of property transfer tax. In August, 1999, the Government relieved non-nationals of that 10 per cent burden.

SENATOR G. P. B. NICHOLLS: On a point of order. I believe that the Honourable Senator is misleading the Senate because the Government of Barbados has never, in any property transfer tax amendment, spoke to the issue of taxes for foreigners. Indeed, in the land law in Barbados there is an argument that dealing with foreigners as we called them illegal tenants in terms of the Alien Landholding concept is not part of the land laws of Barbados. Therefore, it is indeed incorrect to say that the Government went to Parliament in August of 1999 to remove taxes on foreigners buying land.

The amendment for the removal of property transfer tax on conveyancing transactions in Barbados was for all purchasers, Barbadians and non-Barbadians. I believe that the Honourable Senator, as an attorney-at-law practising in Barbados, would have to retract that statement and speak more accurately on the import of that amendment.

Madam DEPUTY PRESIDENT: Senator Stuart, will you kindly retract or withdraw that statement?

SENATOR F. J. STUART: I have been practising law for the last 20 years and I have been dealing with property

transactions for that entire period and, quite frankly, I do not understand what Senator Nicholls has said.

It is a fact that prior to August, 1999, if you were a non-national and you were buying land in Barbados in addition to paying the purchase price, you had to pay 10 per cent as property transfer tax.

SENATOR G. P. B. NICHOLLS: On a point of order. Madam Deputy President, the argument is the same. The statement made by Senator Stuart was that the Government amended the property transfer tax for the expressed purpose of reducing the tax payable on conveyancing transactions by non-nationals, and that is indeed incorrect.

It is misleading and it is part of the Democratic Labour Party's policy to label this Government as a Government that likes people outside of Barbados better than it likes the people in this country. Indeed, Madam Deputy President, the record shows that the majority of the conveyancing transactions in this country takes place between Barbadians.

Madam DEPUTY PRESIDENT: Senator Stuart, obviously you seem to be creating the wrong impression, could you rephrase that statement to show that the inference is not there, if not you would have to withdraw it.

SENATOR F. J. STUART: Madam Deputy President, I really would lay no claim, agility or flexibility of mind to rephrase the facts at this stage. Madam Deputy President, if it will help us to get ahead with the debate for me to withdraw a fact, I withdraw the fact.

The reality though is that whereas the Government of Barbados could rely on 15 per cent revenue if transactions between non-nationals and nationals were taking place over land transactions, as a result of the budgetary measure of August, 1999, the Government surrendered 5 per cent of the revenue to which it was entitled and shifted the burden of property transfer taxes from non-nationals who were buying to persons in Barbados who were selling land.

If you own land in Barbados and you were selling it, instead of having to pay 5 per cent property transfer tax, which was the case before the budgetary provision, you now had to pay 10 per cent property transfer tax and the person to whom you were selling, if that person happens to be a non-national, had nothing at all to pay. That is a fact.

Madam Deputy President, we raised serious questions about that at the time and I have to say that I am pleased that the Government heard us and has now sought to reduce the burden on persons who are selling land by reducing it from 10 per cent to 7.5 per cent.

It makes the point we were always making that it was unjust to relieve non-nationals who were buying and to shift the burden in many cases to locals who were selling and increasing the rate on them while yielding a 5 per cent revenue. We therefore support the reduction because we believe that it should really come back down where it belongs.

I believe it was the Democratic Labour Party that reviewed the Property Transfer Tax Act and the policy of which I am speaking is one of which I am very familiar. We sought to strike a balance between foreigners who wanted to own land in Barbados and locals who wanted to sell land. Since we did not have Alien Landholding legislation, we felt that if foreigners were going to put themselves to the trouble to own land in Barbados, the revenue should reflect some benefit, but that is not the case today.

The persons who are selling are the ones who have to carry the burden now. That burden after this amendment is passed will be 7.5 per cent rather than the previous 5 per cent. The fact that Government accepts in principle that 10 per cent is too high meets with our satisfaction.

Madam Deputy President, the Minister dealt with the income tax, and as far as the other issues are concerned I believe the issues are very clearly recognised in the Minister of Finance's Economic and Policy Statement, therefore they need not detain us here.

12.40 p.m.

Madam Deputy President, I wanted to make that point on Property Transfer Tax because it is one I feel very strongly about. It is also one on which I have heard some very passionate speeches made, including that of the senior of Senator Nicholls in the Other Place but, of course, that wisdom has not rubbed off on the Honourable Senator here today.

Madam Deputy President, I do not want to detain the Honourable Chamber any longer. I believe I have said most of what I wanted to say.

I am obliged to you, Madam.

SENATOR T. E. BARKER: Madam Deputy President, I rise to give my full support to this Bill which seeks to raise the limit of \$2.2 billion on the Local Loans, to \$2.75 billion.

Madam DEPUTY PRESIDENT: Honourable Senators, please stop the cross-talking. Continue Senator Barker.

SENATOR T. E. BARKER: Madam Deputy President, I want to preface my remarks by stating the fact that during the month of March every year, both Houses of Parliament

have to approve the Estimates of Revenue and Expenditure. In those Estimates of Revenue and Expenditure, as the Honourable Leader of Government Business has remarked, the level of financing, both domestic and foreign, are set out in the first few pages so that this Honourable Chamber would know beforehand what are the requirements in terms of Government meeting its financial and other obligations. Therefore, there is no secret to this, everything is laid out in the open.

Madam Deputy President, as the Leader of Government Business has said, \$466 million is the amount that we are seeking to borrow on the local market, in order to finance Government's operations for the year. Therefore, the increase in the Local Loan limit must be seen in the context where Government has said that it is proposing to do a number of things and that this is a natural consequence of those provisions contained in the Estimates.

Madam Deputy President, the last speaker is in the habit of using a number of big words and would want to put in a number of jabs at the Government. In order to make Government look bad, between his lofty words he wants to put in a number of things. He has made the point that this Administration has doubled the national debt.

SENATOR F. J. STUART: Madam Deputy President, I did not, at any point in my speech, say that the national debt of Barbados was doubled. I said it has nearly doubled. That is the difference.

SENATOR T. E. BARKER: Madam Deputy President, to say "nearly doubled" and "doubled" is a matter of semantics. The important fact is the impression that the Honourable Senator has sought to convey was that this Government, during the last 10 years, has doubled the national debt.

SENATOR F. J. STUART: On a point of order. Senator Barker is misleading this Honourable Chamber. I referred to a Barbados Central Bank document, page 73. It said that in 1994, the national debt was \$2.4 billion and as at May, 2004, it was \$4.1 billion.

SENATOR T. E. BARKER: Madam Deputy President, if the Honourable Member wants to concede that it has nearly doubled, he is free to do so. I am sure that his arithmetic teachers would not be too proud of their protege. Madam, the point is that we must not be concerned about the quantum of debt only but we must relate that quantum of debt to the country's ability to repay and secondly, to the size of the national debt.

Madam Deputy President, to say that because it has moved from \$2.2 billion to almost \$4.1 billion, which, by any mathematical approximation is nowhere doubled, is a

fallacy, without, at the same time, noting that the national income has moved from \$3.5 billion to \$5.5 billion.

According to the Honourable Senator's arithmetic calculations, that is almost double. The Honourable Member wants to give one side of the picture without, at the same time, giving the other side, which would be intellectually improper.

Madam Deputy President, when the Honourable Senator talked about the last 10 years, he was implicitly implying that it was the Barbados Labour Party that had done it. The Honourable Senator ought to tell this Honourable Chamber that in 1986, the Democratic Labour Party, the Party to which he now has the privilege as President to lead, had found the national debt to be half of the Gross Domestic Product (GDP).

*Asides.*

SENATOR T. E. BARKER: Madam Deputy President, I am quoting from the same document from which the Honourable Senator purports to be quoting. In 1985, the Gross Domestic Product (GDP) was \$2.4 billion, while the national debt was \$1.1 billion, which is less than 50 per cent. In 1986, the Gross Domestic Product (GDP) was \$2.6 billion at market prices, while the national debt was \$1.3 billion, which was less than half. By 1993, the Gross Domestic Product (GDP) was \$3.3 billion, while the national debt was \$2.3 billion. That is 70 per cent rise.

Madam Deputy President, if the Honourable Senator wants to talk about who is responsible for the national debt, between 1986 and 1994 the national debt has moved from less than 50 per cent to over 70 per cent. That is a historical fact.

Madam Deputy President, there has been a 20 percentage point increase, if we take the debt as a ratio of the Gross Domestic Product (GDP), in the eight years that they have been ruling this country. The Democratic Labour Party now has the gall to be accusing this Government of ruining the national debt when in 1994 we got it at 70 per cent and today it is only 71 per cent. Therefore, we have the national debt at approximately the same level as we found it, whereas the Party that he leads has moved it from 50 per cent to 70 per cent in their eight years in office. Therefore, I do not want to hear the Honourable Senator speaking about the national debt because he has no moral authority to lecture anyone about it.

Madam Deputy President, it is more interesting to note that this is related to the ability of the country to repay, which is an accepted fact. The Honourable Leader of Government Business has mentioned an important factor,

that is, the difference between the Democratic Labour Party and the Barbados Labour Party.

When the Democratic Labour Party was running the national debt up, they were crowding out the private sector from accessing debts, which resulted in a significant increase in interest rates in this country. Madam, the treasury bills rate rose significantly, as a result of the mismanagement that was so apparent during that period. Madam, here was a Government who was seeking to finance an exorbitant appetite for money and who was accessing loans from the same source, which resulted in higher interest rates. Whereas today, according to the last speaker who spoke about us mushrooming the national debt, interest rates and treasury bills rates are at historically low levels. That, Madam Deputy President, is a fact.

12.50 p.m.

The question of the national debt is an emotive issue. Around independence time, the then Minister of Finance set the tone for economic management of this country. The model followed was to ensure that current expenditure is met from current revenue but when there were capital projects to be built of a significantly large nature that you resort to borrowing to finance these developments.

Sir, it is a simple thing because when you build a school, you built it to last for 50 years and you want to ensure that the people who come after you and are using it, contribute to its purchase. Madam, why should my generation be saddled with the task of the building for another generation?

Madam Deputy President, we get emotional about the national debt but that is how the country is run and, however we look at it, we are doing a good job. The model we chose to use around Independence time is basically a sound one, has done this country proud and has served it well over the years.

The present Prime Minister has stated that he is slightly worried about the size of the national debt but that he is taking measures to bring it down to a more sustainable level. In short, even though we found it at 70 per cent, we do not believe we should leave it there because we do not believe we should follow the multitude to do evil. The Prime Minister has promised that he is about to institute measures which will seek to reduce the rate of growth so that level would decline as it relates to the GDP.

Sir, that is a noteworthy intention and given the Prime Minister we know, he would do everything possible to honour the promise he has made to the country. We have to

be sure we manage the economy in such a way that in bad times, we are able to ride over them. The point is that if we were not managing our economy in a sound way, when 2001 came upon us, we would have been in the same position in which we found ourselves in the early 90s.

Madam, because we were paying attention to economic fundamentals and the fiscal deficit, we were able to withstand the battering imposed on us, not because of anything we did, but because we were running a sound economic regime. This is why the Prime Minister is saying that this is urgent. We have managed in relation to the fiscal deficit to bring it back down to an acceptable level of 2.5 per cent because we think it is a sustainable level. Madam Deputy President, as I mentioned before, we are also seeking to do the same with the national debt.

Madam Deputy President, we want to highlight the fact that in 2001, as a result of the catastrophic bombing of the World Trade Centre in New York, we went on the defensive and borrowed a loan for \$300 million which saw the foreign component of our debt increasing by \$300 million. Madam Deputy President, you would be pleased to note that since 2001, we have actually reduced the size of our foreign indebtedness.

Madam Deputy President, in 2001, we decided to take a defensive measure in order to guard us against any serious dislocation but having done that, since 2001, we have not engaged in any significant foreign borrowing, with the result that every year the foreign component of our national debt has declined.

The Prime Minister also said that he does not intend in the near future to raise any significant amount of funds from external sources. We have, in fact, reduced our indebtedness to the rest of the world. Even though we borrowed from local services, we have ensured that our indebtedness to the rest of the world has been reduced bit by bit. I wonder why the last speaker did not mention that fact because it is on the same page from which he quoted.

Madam Deputy President, I have no difficulty in supporting this Bill to increase the local loans limit because we still have to ensure that our road system is improved in order to deal with the increasing traffic. We also have to make sure that our schools are in good shape and that our hospitals are well looked after so there is still a need for Government to maintain a high level of services. We have to ensure that the level of services that are provided by the Government do not suffer.

1.00 p.m.

## SUSPENSION OF SITTING

SENATOR THE HON. E. R. GRIFFITH: Madam Deputy President, I beg to move that this Sitting be suspended for one hour and we will resume at 2.00 o'clock.

*The question that the Sitting do now suspend until 2.00 p.m today was put to the Senate and agreed to. Madam Deputy President, suspended the Sitting accordingly.*

## RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

SENATOR Dr. D. S. LOWE: Mr. President, as my colleague indicated, the Democratic Labour Party, as represented by us in this Chamber, has no philosophical difference with the rationale for the request stated in this particular Bill.

We believe that from time to time, the Government must, out of necessity, try to secure the economic wealth of the State and as such, would find it necessary to increase or enhance the limit of its capacity to borrow. It is common, Sir, in the case of the demand, that we will find it fit to borrow or secure a loan for the purpose of enhancing the development or the output of that particular enterprise or individual.

Sir, it is suspected that if an individual borrows a loan that he or she would borrow with the intent to improve his or her conditions or the conditions of his or her enterprise. It is common to a business house that seeks to leverage capital in order to be able to have the kind of capital flow to manage the growth of development and expansion of his or her enterprise.

Sir, the question that the Opposition has is not so much about the sensibility of engaging in this request or advancing this request. We have issues relative to any assurances that can be given, such as the one given by the Honourable Leader of Government Business, the Honourable Minister, who suggested with some enthusiasm that the economy is doing well, and it shall continue in the foreseeable future, Sir, if I did not take those words quite exactly, please forgive me.

Mr. President, I am happy to know that the economy is doing well, according to the Honourable Minister. I am happy to know that as we gauge the future, the prospects for its continuation and its well doing seem to be relatively secure.

Therefore, I want to probe a couple of issues because, I am not going to lose my calm as the former speaker who

seemed to be so enthusiastic about deciding where the moral authority stands on certain issues.

2.10 p.m.

I am not going to be driven by numbers and statistics only because the true measure of the wellness of a nation is not always captured in the numbers. I would want to advance the view that it is more captured in the substance and quality of the lives of the people of the country more so than a statistical report that might suggest all is well based on the balancing of numbers but, at the end of the day, when you listen to the man or the woman in the street, the story of his or her life is very different.

What I want to capture most in my brief presentation is the notion that the economy is doing well. I am going to ask the Honourable Minister, the Honourable Leader of Government Business, if the economy is doing so well and the prospects of its wellness seem in view, why do we want to continue the extent to which we borrow? What are we trying to prop up? What facilities are we trying to create and what message are we trying to send?

Are we like the borrower who borrows and rather than using the funds for the purpose for which the borrowing was stated, he used them for something else and then realised that he would have difficulty in paying back? For example, let us say that he promised to refurbish a house and then after receiving the funds he finds other purposes to use the funds and, at the end of the day, the house stands unrepaired. How will this borrowing help or hurt the lives of people in this country?

Mr. President, I would want to remind that former speaker that the Honourable Prime Minister was the one who raised the alert bell to the nation when he admitted that something had to be done with the debt. That was the only admission. We want to accept the Prime Minister's call as one that is credible since he is the chief engineer of the economy of this country.

The Honourable Prime Minister raised the flag. He is the one who said that something has to be done. It is not the Opposition's view that we have reached a crisis state with the deficit or with the borrowing, it is the Prime Minister's admission that something needs to be done.

Mr. President, I want to go on further to ask one fundamental question: How has all this money that we have borrowed benefitted to the maximum social good of our people? Mr. President, do you realise that today after 10 years of governance by a Barbados Labour Party Administration that there are still persons in this country whose quality of life or indeed whose life chances have not met the kind of improvement that should be associated with

the level of revenue this Government has had at its disposal whether it was earned or borrowed revenue?

Mr. President, at the end of the day the responsibility of the policymaker is not only to take numbers and be creative with them. The primary responsibility of the policymaker in this country or in any other country is to feel the heart pulse of every single citizen in the nation and to be able to respond in a way that when the citizens hear that response they are not baffled as to whose country are they speaking about.

Sir, I am of the view that there are those out there on the streets of this country who are still asking where is the money because they have not been able to feel the true impact of what this Government has had at its disposal. My question is: How have we been able to maximise our dollars to benefit the lives of persons? If the economy is doing so well, why do we have to worry about those basic life needs that people in this country should not be worrying about today?

The public looks not only at what the Government borrows, but at its perception of what the Government wastes. The public still believes that there is some correlation between the need to borrow and the amount of wastage we have in this country. My colleague said it in his presentation. We borrow, we accumulate and we waste, that is known.

One of the monumental accomplishments of this Government will be its record of wastage in this country. It goes from end to end from as early back as the Greenland Landfill to as recently as the \$500 000 bath in Silver Sands, which cost \$400 per square foot to build.

Mr. President, I do not pretend to reflect the analyses of the average person out there. I proudly reflect my own. Therefore, I would have a question if my Government comes to the public and says, listen, I want to have this cushion to secure my economy while at the same time a Government Minister responsible for the National Conservation Commission laments over the cost of a bath. Sir, it is not that we do not believe that the people in Silver Sands deserve the best. It is that while homes are still in disrepair as a result of the last hurricane we had, we could have persons building a bath at the tune of \$430 000. Unless there is some mechanical hand that emerges from the commodes to make it comfortable while you sit there, I cannot otherwise understand the rationale.

Sir, borrowing and spending requires accountability and transparency, but to this day no one has stood up and explained to the taxpayers of this country how could this happen. While we do not have a quarrel if the Government needs to protect the economy, we have a quarrel with how

the Government chooses to spend. If we do not spend in concert with reality, we must borrow and borrow.

Those are the issues that we concern ourselves with and, therefore, we would like to know why is it that the hundreds of millions of dollars collected through VAT have not redound to the improvement of the life chances and the quality of life of the average people in this country.

Mr. President, the elderly and the disabled are crying out for help. These are valuable citizens of our country who have given their years of service, and it is my position that they should be able to live in the highest seat of comfort in this country.

Mr. President, parents are calling out for help because of the conditions of schools. I heard a former Honourable Senator saying that money should be spent to improve these institutions, yet still we have problems in our school system and there have been no fundamental policy position articulated by the current Minister of Education, not that I believe he is capable of doing such.

Mr. President, our Hospital system has become the laughing stock of the region. Mr. President, there are persons out there who could never be happy with the quality of service that they secure. I was a patient there and I experienced it first-hand. A man with an experience is never at the mercy of those with arguments. I was there and I understand the heartaches that you go through to get basic reasonable medical care when you are there.

Mr. President, I do not expect for the voices of some to embrace with some romance what I have to say because it would not be in their best interest to do so.  
2.20 p.m.

Mr. President, my confidence is in the fact that if the people of Barbados say that the health services are not what they ought to be, I would stand on the side of the people, rather than on the side of those who would wish to protect the state of affairs of the Government. Therefore, I am saying that we had the opportunity to grasp a significant amount of money and that, at the end of the day, the Government is now seeking to ensure that if it needs to borrow, that it would have the facility to do so.

Mr. President, as we said, I have no difficulty with the principle that is being articulated in this Bill but what I am asking for, as I always do, is to ensure that when the time comes to make decisions, that those decisions are made with the view of the masses fully spoken and that, at the end of the day, when an account of the stewardship of those who are responsible for allocations and spendings is given, we can proudly say that the people of this country have gotten what they rightfully deserve.

Mr. President, what is the problem? Is the borrowing guided by an understanding of the needs? Is it guided by a sincere commitment to ensure that every citizen of this country, regardless of his or her status in life, can get the best possible opportunity to enjoy the best quality of life? It is driven by a conscientious calculation that at the end of the day, we should not be borrowing what we cannot pay?

Sir, as a generation, we do not have the right to impose on future generations, all of the things that we have done relative to the accumulation of debt, because Governments come to an end and new Governments take over, just as generations pass and new generations come to being.

Mr. President, I do not wish to go to my grave and be noted as one of those persons who have saddled generations to come with an economic reality that will make most of what they would earn become that of the State. Sir, when we begin to talk about some of the things that could have changed, as a result of what the Government was able to accumulate through VAT, as a result of what Government was able to do through its borrowings, I do not expect persons to be comfortable when we examine the litany of wastage that has been accumulated by this Administration.

Mr. President, it continues. One would have thought that it would have ended at Warrens but now we have Silver Sands. Sir, there is a learning centre being built in the area of Silver Sands and a pavilion being constructed. Therefore, we are watching the cost of those things because this seems to be a trend with Government.

Mr. President, since the former speaker talked about moral authority, I do not believe that it is right and proper. It cannot be moral having this kind of behavior being engineered by the State. It cannot be moral when the public asks for answers to their questions and nobody stands up and answers those questions. Sir, it cannot be morally appropriate for that to happen.

Therefore, I do not mind people talking about what has happened 10 years ago and before. Ten years is enough to make up for the stagger and to make some degree of progress. If an athlete takes most of his energy making up a stagger, he would never win. Therefore, it is now time for the stagger to be made up.

Mr. President, the benchmark for this Government's performance cannot be what has happened when the Democratic Labour Party was in office. The benchmark for this Government has to be what is now happening. The Barbados Labour Party has created its own legacy and therefore, it has to show us that it has done better and that the lives of the people have vastly improved beyond what it was, at the time when the Democratic Labour Party was in power.

Mr. President, that, to me, is important. Therefore, I will stand on the side of those who continue to cry day in and day out, that there is a need for health. Sir, something has to happen. We do not believe that this is a laughing game, as expressed by Honourable Senators on the Other Side, as though this is a joke. Sir, they may live in comfort because they may have their tummies paunched and can be at ease but what about the experience of the man who must wake up every day and cry over his limits. That is what politics is about.

Mr. President, on matters that affect people's lives and the suffering of good Barbadian citizens, as we all are, it angers me that policymakers can sit around and laugh, as though this is a joke. Sir, only if the public could see it, perhaps they would change their behavior but we will tell them. Sir, something needs to happen.

Mr. PRESIDENT: Senator Lowe, I am not sure what you are talking about. Perhaps you can explain.

SENATOR Dr. D. S. LOWE: Mr. President, I will. Sir, we will tell the people that we have advocated their stories in the hallowed Chambers of this Honourable Senate. Therefore, at the end of the day, we hope that when the Honourable Minister gets up in his closing arguments, he would tell us the relationship between the need to borrow and the nature of spending; that he would tell us the maximum social benefit that our people have been able to derive; he would tell us why there are still so many pockets of persons who are living at the brink of economic extinction, while there are others who live at the plush meadows of economic distinction.

Mr. President, it is not simply a matter about who gets concessions or who does not. At the end of the day, I would like to know that every man and every woman in this country has gotten the best possible opportunity to break his or her generational cycle, particularly the cycle of poverty, and can enjoy a reasonable stable quality of life that he or she can pass on a new experience to the next generation.

Mr. President, while we do not quarrel with the principle, these are questions we would like to have answered.

I thank you, Mr. President.

SENATOR I. St. C. LINTON: Mr. President, I rise to support the measures that are before this Honourable Chamber today. Sir, I want to bring to the notice of this Honourable Chamber and to the people of Barbados that we have a Government with a leader, a Prime Minister, who comes to the people of Barbados in and out of Parliament each time this economy is facing any difficulty and tells them

what are those difficulties. Sir, that is unlike the Democratic Labour Party who faced an election in January 1991 and has never told the people of Barbados that the economy of Barbados was going under.

Mr. President, I remember the face on the Democratic Labour Party's Manifesto: "Bountiful Barbados". Sir, within a few months this country faced a situation in economic terms, in which the society, which Senator Lowe talked about, was decimated by the Democratic Labour Party, in order to save a devaluation of the Barbados dollar.

Five thousand workers were sent home by Government, mortgage rates and interest increased, workers lost their due severance yet Senator Stuart today is talking about a society. Was there a society then? In truth and in fact, there was almost no economy because the economy was troubled and the society paid the penalty.  
2.30 p.m.

Mr. President, can you imagine that the Ministry of Transport and Works was almost closed down, the equipment was idle, roads were not being prepared, the water system and its pipes were not being replenished, workers lost their wages and got no increase at all, yet Senator Stuart now claims that there is economic success but no society.

Sir, Senator Lowe asked where the money went. The unemployment rate has dropped to below 10 per cent and Government has found employment for the 5 000 workers sent home in 1991. In addition to that, 5 000 people who worked in statutory corporations were appointed to the general public service. Sir, over the 10 years that this Party has been in office, workers in Government got some measure of increased wages every single year as well as pensioners.

When Senator Stuart talks about the problem of commuters at the Transport Board, this is 49 years that both Governments have been spending money on the transport system in Barbados in which the very commuters destroy equipment year after year. Sir, both Governments ran the Transport Board as a social service.

I remember before Elections in 1976, bus-fares were reduced to 25 cents and, at the same time, Government paid out 40 per cent of the busfares to private concessionaires. Sir, the Transport Board is being run as a social service in Barbados while other transport systems are making money.

Sir, neither Party, as Government, could escape the fact that the Transport Board has been a difficult proposition for us to manage in Barbados. It is a social service when a person over the age of 65 can get on a bus and travel around Barbados. It is true that both Parties would rather have

greater efficiency in the transport system in Barbados, and Senator Stuart should not be using it as a premise to talk about not having a society.

Mr. President, Senator Lowe spoke about education a few moments ago, but this Government has doubled the intake of the Samuel Jackman Prescod Polytechnic where young people have greater opportunities for development and at the Barbados Community College the same thing has occurred with tremendous success that the BCC is getting great results in Barbados scholarships. Sir, all these things are happening in the society that does not exist, according to Senator Stuart.

Mr. President, there is increased learning capacity at the University of the West Indies. I want to tell Senator Lowe that this is where the money goes. We also have to remember that the stipend for training per student was \$35 weekly at the Barbados National Training Board before this Government came to power but from 1995 it was \$75 weekly. Is this not developing a society?

Mr. President, in 1991, the finance of the Queen Elizabeth Hospital which Senator Lowe spoke about was reduced to \$64 million. During those years, the maintenance of the Hospital went down to the extent that when this Government came to office, it had to refurbish every operating theatre.  
2.40 p.m.

Sir, to date, millions of dollars have been added to the financing of health in this country and that is where the money has been spent.

Mr. President, in the initial stages the National Drug Service, which was condemned by the Democratic Labour Party, has provided drugs for the poor people in the society and persons who suffer from hypertension, diabetes and other diseases. I wonder if the Opposition realises the millions of dollars that have gone into that programme.

Sir, it is a shame for the Opposition Members in this Chamber to talk about housing. What did the Democratic Labour Party do about housing between 1986 and 1994? When the Opposition members come to this Chamber they should speak of the real issues. There are issues and they have an opportunity to speak to them but let us compare apples with apples.

Sir, when the Democratic Labour Party demitted office they left \$20 million being idled in the National Housing Corporation and now they come into this Honourable Chamber to talk about housing.

Mr. President, let us talk about housing for the poor. The Rural Development Commission and Urban Development Commission, which the Democratic Labour Party did not support when they were established to meet the needs of the poor people in this country, the same poor people in the society that they are talking about. If you travel the length and breadth of Barbados, you will see the houses that were repaired or built through the Ministry of Transformation for the elderly in this country and some young people who are poor.

Mr. President, people are generally misled by the Democratic Labour Party because they do not see anything that is good for the people. Could you imagine the millions of dollars that were spent on housing for the poor people of Barbados? Now the Democratic Labour Party is saying that everybody should have a wall house but let me tell you I do not know any... Give me a good board house like the one that I have with, probably, a wall bathroom.

Sir, I went to Boston, United States of America in 1997, and I came across houses that were built out of plywood and this Government is building houses out of greenheart, purpleheart and hardwood and the Democratic Labour Party is saying that is not housing people.

*Aside.*

SENATOR F. J. STUART: On a point of order. Senator Linton is misleading the Senate. The Democratic Labour Party never said that there should be no wooden houses in Barbados. We said that sometime between 1987 and 1991, when we built wooden houses at Six Roads, the Barbados Labour Party said that we were taking the people back to wooden houses when we should be carrying them forward to wall houses and the Barbados Labour Party is doing the same thing now. That is all that we said.

SENATOR I. St. C. LINTON: I do not think that you have my ears. I heard the Opposition Leader recently condemning the Government's programme, as espoused by the Minister of Housing, and they said that the Barbados Labour Party Government is building wooden houses when the way to go is to build wall houses. I heard that with my own ears.

Mr. PRESIDENT: Can we move on Senator Linton?

SENATOR I. St. C. LINTON: The Ministry of Social Transformation would build a new three-bedroom house, including a septic tank and bathroom facilities, for \$60 000 for a poor Barbadian whose house is in disrepair and that person can occupy that house without paying anything for it because the Government would have taken away what was theirs. This house is depreciated by 10 per cent each year and if that person dies and their offspring inherit the house and lives in it for 8 or 9 years then they can own the house.

Sir, let us look at the road work that has been done in tenantries. The Urban Development Commission, Rural Development Commission and the Ministry of Transport and Works have constructed several roads in Barbados under this Administration. Sir, between 1991 and 1994 road building in Barbados ceased and the roads deteriorated. If the Democratic Labour Party ever return to office they would have to play catch-up with road construction in Barbados, and that is a reality.

Mr. President, there is a system when you come to repair roads and supply mains for the Barbados Water Authority wherein you look at certain areas at particular times according to when those pipes were laid. The Democratic Labour Party put approximately \$30 million that was available for restoring the water system in the Consolidated Fund and nobody knew what was the problem. Nowadays when it rains and the soil relaxes, the pipes burst. 2.50 p.m.

This is what we face, so there is no moral authority when Senator Lowe and Senator Stuart could come in here and tell us that we do not have a society, and they do not know where the money has gone. Perhaps, I could say the same about the Dems when they were in office. One example is that some \$200 000 was spent on a crematorium that never existed.

*Asides.*

SENATOR I. St. C. LINTON: I am simply suggesting that political parties in Barbados should stop playing with the minds of Barbadians. I heard the Leader of the Opposition say a couple nights ago that the Barbados Labour Party received \$3 billion more than the Democratic Labour Party when Sir Lloyd Sandiford was Prime Minister. Does the Democratic Labour Party want our economy to go back there?

Sir, if you do a simple arithmetic for the 10 years I am talking about, there was at least \$300 million more in revenue and monies to expend. If you would simply cost what has been done with the \$300 million each year in Barbados, you would notice that more money was spent on employment, salaries, roads, health, education, more money being spent on poor people through the Barbados Drug Service; the elderly getting houses repaired and new houses built; and they are going to ask where has the money gone?

Sir, the truth is that Barbadians want the best things in life and I do not fault them for that, so should we borrow some more money to give them what they want? Should we not make the amendment here today to give Barbadians the opportunity to enjoy a better life? There is no one who could say that over these 38 years of Independence Barbadians have not enjoyed a better life.

Indeed, the Leader of the Opposition said so in his Independence Message yesterday. I want to compliment him because that was the best Opposition Independence Message since Sir Lloyd Erskine Sandiford. It was a wonderful presentation in which he recognised the increased standard of living for the people of Barbados since 1966 until now but the two Senators in this Chamber are not saying that today.

Sir, it is good that I am not a full-fledged politician.

*Asides.*

SENATOR I. St.C. LINTON: Sir, the truth is that they cannot come in here and ask where has the money gone?

*Asides.*

SENATOR I. St.C. LINTON: You know, Greenland is going to choke you fellows. The building at Warrens is going to choke you fellows. The Airport is going to choke you fellows.

Mr. PRESIDENT: Senator, please address the Chair.

SENATOR I. St.C. LINTON: Mr. President, I am sorry. Mr. President, one has to let these fellows know where to get on, where to get off, and to be realistic about the economic development of Barbados.

Most Governments or any political party would like to do its best for its people, but because of circumstances in this world today it is not easy and they know that, Sir.

Mr. President, Barbados has graduated from concessional financing, at a time when we face a world economy which does not take into account people like us. They should know that, because they signed onto the new world economic system and knew the difficulties that they experienced in 1991. It was so hot on them that they voted themselves out of office.

Mr. President, I am simply saying that we have to face the facts that the managing of an economy like the Barbados economy is not an easy matter and whether the Democratic Labour Party is the manager of the economy or the Barbados Labour Party as it is, we have to stop making Barbadians believe that it is an easy matter, and that whatever they want they can get. They will get something in the good times and, in times of difficulty, they have to face some hardships.

I faced it in Barbados when I was a boy and families were poor. I grew up in a 14 ft. x 10 ft. house but the experience taught me how I must face life and that there will always be good times, if we manage our households well, but there will also be times of difficulties. Governments struggle

to help us by making conditions better for us, and Barbadians must not be led by any particular party, whose only objective is to get into Government.

Sir, it must be more than that and, it is time that Barbadians ask politicians to be true and honest to them, so that you do not come to an election with the country in trouble and call it, bountiful Barbados.

Mr. PRESIDENT: Senator Linton, you have two minutes in which to wind up your contribution.

SENATOR I. St.C. LINTON: Mr. President, I speak to this matter from a position of what I would call experience and understanding which I developed in my own life. I think that Barbadians, in general, have had a good life in these 38 years of our Independence. However, one will always understand that there will be people in the society who will need further assistance, but I am absolutely sure that this Barbados Labour Party Government stands to do whatever they are able to do for the disadvantaged in this society. 3.00 p.m.

Mr. President, I stand here today as an example of this Government giving opportunities to persons like myself to live in this country and to be able to come to this Chamber and speak on such matters in such terms. Therefore, I give my support to the matters which are before the Senate.

I thank you, Mr. President.

SENATOR G. P. B. NICHOLLS: Mr. President, one could quite accurately anticipate the politics of this debate. Generally, we are not surprised at the way in which this debate has gone on.

In a fair assessment of the Local Loans (Amendment) Bill and the Miscellaneous Amendments (Budgetary Provisions) Bill, there is indeed a sense of more persons wanting to grasp opportunities in being modest on the behalf of their respective political parties. I do not blame the Honourable Senators who spoke from either side, especially those on my side whom I support wholeheartedly in taking that tone.

Mr. President, there has to be an examination of the real reason why the debate has gone on like this. I believe that it stems largely from the fact that anytime Barbados, given its recent economic history, approaches a point on thresholds where the indicators of economic development and economic growth are suggesting to us that we need to be very careful how we should proceed, arguments as to what happened in our recent economic past, particularly in the early 1990s, are going to evoke political debate on either side.

Indeed, that is what we have been witnessing today because, quite honestly, the impartial observer and listener to this debate would wonder why is the Government, in respect of the Local Loans Bill, in seeking to increase the limit from \$2.2 billion to \$2.75 billion could evoke such an emotive discussion on Both Sides?

I am suggesting to you, Mr. President, that the reason for this is that in our most immediate history, the last time that the national debt of this country surfaced as an issue for political debate or discussion in this country, this country was at its worst state in our post-independence history.

It is the duty of the Democratic Labour Party in this debate to point to areas of concern to all of us, irritants, social and other economic areas such as the conditions of the roads, traffic congestion and people not being able to get on a bus and things of this nature. However, to make the conclusion that the national debt of the country is spiralling out of control and that people in the country are getting nothing from it, is an analysis of a conclusion which I would have to depart from.

I have come to this debate to say that I believe that it is high time for us, as the Honourable Senator before me said, to tell the people of Barbados the truth. Sir, what is that truth and what is the reality?

Sir, Senator Stuart in his usual and infamous style said that the Barbados Labour Party functions as if it sees the country as an economy and not as a society. That is the same statement he made during the debate on the Appropriation Bill last year. Some might call it warmed over cold soup.

It is a point which I know the Honourable Senator would not depart from. Every time he makes the point, I start to question what it is that we as a Government are doing and whether or not the average person in the country is seeing how we administer the affairs of the Barbadian economy in the way in which Senator Stuart describes.

I really believe that the Government has to continue its mission to make Barbados ready to function in a global economy. Notwithstanding the predilections and the protestations of the Honourable Senator Stuart, it is looking to those indices of economic advancement and economic growth that a country can well inform its development drive so that the people of the country can. It is not because we are looking at the economy and we are not looking at people. I have said that before, but we cannot ignore the most obvious indicators of our economic progress so far for safety of looking at other social objectives.

Mr. President, the Prime Minister came very candidly to the country and indicated his concern about the fiscal deficit. He indicated his concern about not leaving a legacy of debt behind. It is that candid assessment of the Barbadian economy which has in the past shown to be very critical how we make decisions. Sir, it was again in 2001 when the entire country and indeed other countries in the region met in Barbados to determine what is our best strategy to deal with the effects of September 11 well before they came to our shores.

Sir, all of the Central Bank Reports and all of the Barbados Economic and Social Reports since 2001 have pointed to the counter-cyclical measures employed by the Government to resuscitate the tourism industry at a time when all other commercial and tradable sectors of the Barbados economy were in decline. It is to the tourism industry's credit and to those measures employed by the Government at a time when the Prime Minister and Minister of Finance has said we need to look at our economy again because we are tottering close to the brink.

It is that honesty and that candidness that has led us to the debate by bringing the Local Loans Act, not to increase it, because the Government wants to borrow, but because of the vigilance and management of the economy in the way it is being managed.

The Government can only carry out its programme in terms of goods and services if it has revenue. It derives revenue from two sources, from taxation and borrowing. We know that all across the board in this country the Government has been reducing taxation at all levels. That is why I cannot go on the journey with Senator Stuart to say that it is by these economic measures and fiscal policies being employed by the Government that the people of Barbados are left to wonder what is in it for them.

Sir, I am worried that there is this continued debate or discussion, a sort of fastidiousness, on the part of the Democratic Labour Party to react to the very basic instinct of people: What is in it for me? Sir, if everybody in this country determines that they need to get something for them and not for the entire society, the strong cannot help the weak, and I would not want to see Barbados plunged into a state of social chaos that some are portending.

Mr. President, I was recently in Guyana and I had an opportunity to read the *Stabroek Newspaper* on Sunday in which the noted Caribbean economist Dr. Clyde Thomas, in his weekly article commented on the mechanisms of Guyana and Caribbean-type economies.  
3.10 p.m.

Mr. President, in that article Dr. Thomas pointed to countries not paying enough attention to the indicators of economic development and economic growth as one of the fundamental reasons why Guyana's economy and some other Caribbean countries' economies, have plunged into a state of crisis.

Mr. President, I commend the article to the Honourable Senator Stuart, who beats the drum that if you look too much at the economy you do not look at...Sir, it was Dr. Thomas's assessment that if you do not strike a macro economic balance as a result of carefully assessing the economic indicators in the country, you can plunge the country into a state of crisis, which has been Guyana's history. It has also been the recent economic history of Barbados, particularly in the early 1990s.

Sir, it was the exhortation of Dr. Thomas in that article that prompted my attention because he said very clearly and gave reasons why these are lessons that appear not to be learnt by Caribbean countries.

Mr. President, Barbados must incur a deficit. In fact, the richest countries in the world must incur deficits because Governments do more than their revenues would allow. Sir, Governments cannot operate as a corporation, where it has to answer to shareholders, or where it cannot pay a dividend to its shareholders. Instead, the people of the country must benefit and must continue to get services out of a government, notwithstanding Government's inability to find situations where revenue exceeds expenditure. Therefore, Government must find revenue outside, by either borrowing or by reducing taxation.

Mr. President, the second Bill under consideration by this Honourable Senate speaks to a number of policies enunciated by the Barbados Labour Party in their Manifesto, 2003, and again captured in the presentation of the Right Honourable Prime Minister last November in the Other Place, in which he laid out a number of incentives such as tax allowances, reduction of income tax, *et cetera*.

Sir, these things are under consideration by this Honourable Senate today but it would not fall from the mouth of the Honourable Senators on the Democratic Labour Party side, to speak to these things in terms of people in the country benefitting from them.

Mr. President, I know for a fact, because I have not seen it coming out in the media as a result of the debate in the Other Place, but the people of Barbados need to know what the Local Loans Act is doing and what the Miscellaneous Amendments (Budgetary Provision) Act, 2004, will do.

Mr. President, we have already legislated an increase in personal allowance in Income Tax from \$15,000 to \$25,000, over the course of the next four years, starting financial year 2005. That means that persons who are earning less than \$24,000 within the next three to four years, will be taken out of the tax net.

Sir, that is why it bothers me every time I hear that Government's economic policies do not touch or concern the man in the street, the poor man, the small black man in the street and that Government is being indifferent to their concerns.

Mr. President, in addition, the Government has reduced the basic tax rate of income tax from 25 per cent, to 20 per cent in 2004. The Government has also reduced the top rate to income in excess of \$24,000, from 40 per cent, to 37.5 per cent in 2005. Government has already legislated a situation in 2006, where income tax would be moved from 37.5 per cent, to 35 per cent. Sir, in relation to land tax, all landowners in Barbados have seen the reduction of land tax, indeed, the first \$125,000 of property is now exempted from land tax.

Sir, these are things that the ordinary Barbadians are facing. That is why Senator Linton can point to the fact that people in Barbados cannot be experiencing these things, while hearing that the economy is either tottering on the brink or that Government is doing nothing for them.

Sir, Senator Stuart spoke conveniently this morning about the Property Transfer Tax. What he did not say was that the Bill which is before this Honourable Senate today reduces the Property Transfer Tax from 10 per cent to 7.5 per cent.

*Asides.*

Mr. PRESIDENT: If it is a point of order, the Senator can make his point of order.

*Asides.*

Mr. PRESIDENT: You have withdrawn your point of order? Senator Nicholls, please proceed.

SENATOR G. P. B. NICHOLLS: Mr. President, I know that Senator Stuart is normally credited for his very erudite, studious and well-prepared presentation of history and of sophistry, *et cetera*, but I did not know that he enjoys the ability to read what I am going to say before it was said. I must now look at the Honourable Senator in a different light.

Mr. President, as I was saying, what Senator Stuart did not say to the people of Barbados and did not say to you, was that the reduction in the rate of Property Transfer Tax,

from 10 per cent to 7.5 per cent, is in keeping with Government's objective to make Barbados a very attractive place to do business, in relation to its tax rates and in the context of being more attractive than our CARICOM neighbours.

Mr. President, that statement was lifted from the very speech to which Senator Stuart referred, in which the Prime Minister first enunciated this proposal. What the Honourable Senator did not tell the people of Barbados, through you, was that the Bill before the Honourable Senate today, not only reduces the rate of Property Transfer Tax but it also exempts leases made for single term or accumulated terms of less than 25 years from the payment of Property Transfer Tax.

It is being designed to bring equity to a situation where the tax was being charged on short-term leases, while other persons were able to avoid payment by transferring property by way of long-term leases. Sir, these things are all built into the Bills that are before us today but we are not going to hear that from the Opposition.

When the Right Honourable Prime Minister told the people of Barbados that we have to watch some of the indicators of our economy, the Democratic Labour Party liked that because they felt that the Barbados Labour Party was doing the same thing they had done. Sir, that is not true because we are not going to tell the people of Barbados that they have never had it so good and that everything was all well.

What we can promise the people of Barbados is that not only would we be candid about the economic situation in this country but that we would continue managing the economy of Barbados, that we would continue giving allowances, concessions and reducing taxes, when it is propitious to do these things, in terms of how the economic indicators suggest that we can do so.

Mr. President, we have a situation where all of the economic reports of this country suggest that per capita income of this country has increased to a record level of over \$16,000. The annual rate of unemployment in this country is tottering around single digit figures and this morning when I was coming to work, international financial agencies and monitors were suggesting that by the end of 2005, unemployment in Barbados would be at around 8 per cent, a record level in the history of this country.

Mr. President, over the last number of years, inflation has been outstripped by growth in income and the Government continues to put measures and fiscal policies in place to reduce the deficit which, in the last financial year 2003-2004, the fiscal deficit net of amortisation was reduced

by over half, to 133.7 million or 2.5 per cent of Gross Domestic Product (GDP).

3.30 p.m.

It does not behove the Democratic Labour Party to speak about reduction of the fiscal deficit to 2.5 per cent of GDP because they cannot twist it to say that it has done anything for the man in the street.

Sir, the people of Barbados have spoken in 1994, 1999 and 2003. We need to continue to do the business of the people, put programmes and policies in place to ensure that Barbadians enjoy a wide range of tax concessions at this time when we are trying to make sure that the balance between inflation and their incomes do not operate out of their favour.

I am proud to be part of this Government whose programmes have redounded to the development and betterment of the people of Barbados. The net commercial deposits in this country are again at record levels. Sir, deposits at the credit unions in Barbados are at record levels and, as far as I understand, the Honourable Member responsible for credit unions has not brought any Bill before the Senate to allow corporations or persons other than human beings to become members of credit unions.

Mr. President, average Barbadians are saving and putting their monies in the credit union to redound to other members of the same institution who are taking advantage of the wide range of facilities now being offered at credit unions. Mr. President, in the last year credit union membership rose by 3.1 per cent, interest rates are at their lowest levels and competition amongst banks is welcomed in the mortgage market. Mr. President, I want to associate myself with all these good things. The average Barbadian has to sieve out the politics from the debate and work out exactly what Government is doing or not doing.

Mr. President, we will continue to listen to the concerns of the people of Barbados because at no other time in the history of Barbados has the fiscal policy of the Government redounded to the consistent benefit of the people as we have been doing over the last three or four years.

Sir, legislated into law as at 2006 is the reduction of the bands of income tax with a commitment to continue reviewing its reduction. This is a commitment that the people of Barbados can take to the bank because we will continue to honour our pledge to make Barbados a better place for our people.

Mr. President, I close my presentation by assuring you that the Local Loans Act by the increase of its limit, while it has the potential to increase the national debt, is a sensible thing. I do not think that Honourable Senator on the Other

Side would say that it is not sensible for Government to do so because I recall earlier on in the presentation of Senator Stuart he said that Governments in the past had used this fiscal measure as a means of gaining revenue in order to carry out its programmes.

Sir, we need to make the point that while the national debt of the country is at a worrisome level, we need to do things now to ensure that in the future Barbadians would not be saddled with burdensome debt. The monies which Government utilises from these loans are put into capital projects which we can all be proud.

Sir, the average Barbadian passing through Carlisle Bay and Princess Alice Highway would recognise this Government's attention to fiscal prudence. Government intends to continue to use the assets and resources of this country to achieve the best purposes and best results for the people of this country.

The people of this country can be assured that Government is not necessarily raising the national debt in this country as a situation to bail itself out of any fiscal crisis brought about by our non-observance of all the other indicators of economic development as has happened in Guyana and in Barbados in the early 1990s.

Mr. President, I am obliged to you.

SENATOR THE HON. Mrs. V.E. NEWTON: Mr. President, unfortunately, I came a bit late and did not hear the introduction of Senator Griffith on the two Bills before us. However, my understanding is that this Bill is to increase the ceiling on Government's borrowings on the local market which is not before us because Government has overspent but that it is near its ceiling of borrowing and wants to raise the ceiling, which I think is a prudent measure.

Sir, most Honourable Senators spoke as though Government had overspent and that the ceiling was being raised to provide more funds to spend immediately, or in the near future.

Mr. President, having said that, I would say that Government needs to have funds available and since there is so much liquidity in the local market, it is more prudent to borrow locally than overseas. At the same time, I am sometimes a bit puzzled about what the liquidity of the local market is doing for the small man and woman because, to my certain knowledge, it is extremely difficult for policemen, nurses, teachers and people in other areas who make small salaries to access some of these funds.

Sir, people are trying to get loans for housing but it is virtually impossible because they are required to pay down 10 per cent towards the principal and if they do not have it, they cannot access the loan.

Mr. President, there is a big problem that will not go away unless something is done about it, controlling rents and land prices. I know a piece of land, 4 000 square feet, that was bought five years ago for \$30 000 which now sells for \$80 000. Mr. President, where on earth would a civil servant, maid or messenger find \$80 000 to buy 4 000 square feet of land?

3.30 p.m.

Even if he could raise the money to buy the land how is he going to get a house? It means that the Government will always have to be in the forefront in providing low-income housing.

How on earth will the Government with all the responsibility which it has and an economy such as ours with a fairly limited base is going to be able to sustain a housing programme that will cater to the needs of all Barbadians? Sir, no matter how much money you can borrow on the local market, unless something is done to look at real estate in Barbados, we will just be burying our heads in the sand.

Mr. President, while I support this Bill, I think that transportation is a problem that has to be tackled head-on and very soon. The Government also has to find housing that is affordable. They also have to look at rents and the cost of land. Unless Government moves soon to tackle those problems, a lot of the good that it is doing for Barbadians are going to be eliminated.

Mr. President, I also want to look at a few more areas. I support this Bill because I am aware that even though Government does not need to spend the money immediately, they need to have money on reserve. For example, hurricanes are very unpredictable and, therefore, you have to have money on hand to assist with the damage caused by hurricanes. Our road system in some parishes needs to be attended to.

Recently I visited one of our public schools and I could tell from the way the staff spoke with pride of what the school is doing and trying to keep the school clean and tidy that they are trying their best to look after maintenance, but with children running around the school and touching the walls, the maintenance cost of schools is very high. Therefore, Government must make sure that they have a school maintenance programme on an ongoing basis.

Sir, we just celebrated our 38th year of Independence and it was an extremely proud moment for all Barbadians and some of us had the honour to watch the parade and attend the Award Ceremony at Government House. I spoke to some personnel from the Barbados Defence Force and I was informed that these officers have to share uniforms. In

some cases one uniform is being shared by three persons and some contingents were small yesterday because they were not enough uniforms to go around.

Sir, our forces are on parade several times a year, who are proud of what they are doing and they want to participate in the parade and other things that signify our Independence. If we are going to put them on parade, we have to do better than that. It should not be at this stage of our development that officers are sharing uniforms. I gather that they have not had any uniforms since the 1980s.

Mr. President, I do not know what is the budget for the Defence Force since I have never looked at it very closely at the time of the Estimates, but I would think that something has to be done to make the members of our armed forces feel that they are looked upon with honour in this country. Certainly, providing them with uniforms and boots is an absolute necessity.

Sir, I wish to speak briefly on the Miscellaneous Amendments (Budgetary Provisions) Bill. Schedule II speaks to providing additional funds for the office of Public Council. I wish to say that the office of the Public Council was established over a year and it has been doing a tremendous job in providing information and services to consumers in this country. I think that provision of funds for that office to subscribe to consumer advocates, whereby the office would be provided with additional information of publications to help it do its job better, is a good thing.

I have not really studied the other provisions of the Bill. I wish to say that I support both Bills that are before us, but I would wish to see the Government pay urgent attention to the two matters which I raised, that is, the high cost of land and rents which are putting these commodities out of the reach of the ordinary Barbadian. I would also like to see the road maintenance programme being extended so that more parishes would benefit from it.

Thank you, Mr. President.

Mr. PRESIDENT: Senator Griffith.

SENATOR THE HON. E. R. GRIFFITH: Mr. President, I wish to thank the Senators for their contribution to the matters that are before us. In my closing statement, I am going to take the opportunity to refer to some of the issues raised by Senators Stuart and Lowe. However, before doing so, I am going to take note of the issues raised by Senator Newton which I would certainly raise with my colleagues at a later date. Sir, the high costs of house rent and land are two things that I hear a lot of complaints about.

Sir, Senators Stuart and Lowe raised the issues of Value Added Tax and revenue. I saw a statement similar to that in the newspapers today where persons asked questions about the revenue, or made a statement to the effect that this Administration has had access to greater revenue than any other Administration. They said it as if to suggest that there is a tap there known as Value Added Tax which this Administration just turns it on and gets this excess revenue.

Mr. President, if we look at the Estimates of Revenue and Expenditure for 2004-2005, we will notice that revenue estimated for the year was \$1.9 billion and the current and capital expenditure was \$4 billion. Sir, it is not a secret that the Government was spending more than it was raising in taxes. Sir, this is what Parliament approved and it was stated here that there will be a deficit of \$497.5 million.

In my introductory remarks, I made reference to these numbers and I pointed out that at the Financial Table in the Approved Estimates, it is clearly stated there how much financing would be raised on the domestic level and how much would be raised on the foreign level. It is shown how the \$466 million would be raised at the domestic level by treasury notes, debentures and other domestic paper. 3.40 p.m.

Sir, if you look at the Schedule dealing with the debt, you will see the issues that are to be returned in the fiscal year and that sometimes it is prudent to return them. and at other times it is prudent to roll them over. In order to roll them over, you have to put out a new issue and get the funds to pay out that issue, so that your debt remains about the same. You lose a little because, sometimes, there is a different interest rate from issue to issue.

Sir, when the issues which are to be returned are taken into account, it leaves very little room within the existing limit of \$2.2 billion. Therefore, the Government is seeking to increase the limit now to provide the flexibility at a future date, so that in the event that it needs to go to the domestic market, it has that flexibility and it does not have to be read into the House every other week, because that is not a proper way to manage a country.

Sir, regarding the issue about the VAT, if you look at how the expenditure is going to take place in this fiscal year, you will discover that \$373.7 million was spent on education, the largest amount as an individual ministry. This is where the money is going. We have to maintain the existing schools. We have to pay the staff and we have to provide all sorts of facilities for the children.

Anybody who has a knowledge of what goes on in the schools, knows that you start the term with good furniture and invariably you end the term without much furniture, so

you have to put in new furniture the next term and that is the nature of the schools.

Sir, we spent \$314.3 million on health. I would be the first to admit that there is always room for improvement and this is so in every aspect of life. It is not anything peculiar to the health sector. I would have to also say that in spite of any deficiencies which exist in our health service, it is still one of the best in the region.

I returned from England last week and while in London, I listened to complaints on the television from residents about problems at a hospital in England. Sir, that is not any reason why we should have problems in ours but, the point I am making is that we tend to feel that our facilities are second-class and sometimes, we are shocked to discover that they are better than some that exist in other developed countries.

In fact, only last night, I was speaking with a gentleman and asked about a relative who is resident in England. He indicated to me that the relative is ill and is seeking to come back to Barbados because he is not satisfied with the kind of treatment he is getting there. I am sure that gentleman knows what he is doing. The point I am making though is that regardless of the deficiencies which exist in our health services here, I will not join anyone to suggest that they are as bad as some people make them out to be.

Yes, there is always room for improvement and especially at the time when we have now signed onto NISE, we all want excellent service and therefore we will strive for nothing less than the best, but that does not mean that the existing facilities are not up to standard, I will not accept that and, that is where the money is going so there is no secret about the money. Therefore, anybody who goes around suggesting that the Government has more access to more money than any other administration, they need to tell the people also that this Government is spending more than any other administration.

Mr. President, how are you going to spend it, if you do not have access to the money? But at the same time when we are talking about the VAT, as if the Government is extracting all of this VAT, as they say, from the people, they are not saying that the same Government has to maintain itself through a reduction of Income Tax which I referred to earlier this morning, between now and 2007.

Every year, until 2006, the allowances are being increased. This is a revenue loss, but it means more disposable income to those persons who file Income Tax. In addition, the rates are being reduced so they are benefitting twice through an increase in allowances and through reduction of rates. This is a further revenue loss.

Those two changes are having an impact at a time when

the Land Tax has also been reduced. The first \$125 000 has been exempt, and more than 15 000 persons have been removed from the roll. Those are members of this society. A cap has also been placed on the amount that will be taken in Land Tax.

Sir, those measures are being implemented at the time when the Government is losing revenue. Senator Nicholls quite rightly said that the Government has two ways of getting funds to cover the provision of these services identified in this expenditure. They are through taxation, fees and fines or through borrowing.

As I pointed out this morning, there is no issue about borrowing in order to create assets which will lead to an expansion in the economy over time, and enable the country to pay back the funds when payment time is due. The Government has to go this route, because it has to provide the services at the Hospital and provide the additional funds to cover the deficiencies identified.

The Government cannot at that same time increase spending of those services and reduce the Income Tax and the Land Tax, it would have to increase them, so what is it that Senator Stuart and Senator Lowe are suggesting? Are they suggesting that rather than reduce the Income Tax, the Land Tax and eliminate people from the roll, the Government should cut back on these services? I am sure they are not suggesting that because they are talking about the need for increased spending on these services.

Efficiency is one thing, but there will also be a need for expansion in the provision of additional services. Technology changes every day and if we want to keep up with the rest of the world and provide the best for our people, we have to move towards the technology and it is expensive.

Efficiency, yes, and that is the reason why yesterday, the Government joined with the Social Partners to commit itself to the pursuit of excellence. I launched it this morning in the Ministry of Agriculture. We have a project and that is going to be the feature of the entire Government service that we will play our part in ensuring that Barbados puts itself to the point where it is able to compete with the rest of the world, by providing an excellent service in every aspect of this administration.

*Asides.*

SENATOR THE HON. E. R. GRIFFITH: Mr. President, all I am saying is that if the Government is to continue to provide these services which all of us hold dear and accept are absolutely necessary for the

continuation of our country, it will have to increase the taxes and it has chosen not to do that, but to give people more disposable income to spend as they see fit. It is pursuing a reduction of the tax burden, at the same time when it is maintaining existing services and seeking to increase them. Therefore, the Government will have to resort to borrowing to support those activities particularly, the Capital Works Programme.

3.50 p.m.

Mr. President, I am sure that all of us are proud of what is taking place at the Grantley Adams International Airport because what is taking place there is going to make a tremendous difference to the future of our country, but there are others.

This morning I referred to the much talked about EduTech Programme which up to now some people have not really understood the importance and significance of. Sir, even if they do, having spoken against it in the beginning, I do not expect them to say that they have changed their mind, but the reality will be known in due course.

Mr. President, when I look at the way that a number of our young people are conducting themselves through the skills which they are developing, I feel good about the future of Barbados, so I am sure that a project like the EduTech Programme is going to make a significant difference to how we do business in the future and will enable those youngsters to play their part in carrying this country forward.

Mr. President, that is how the Government spends the money. I can go on the whole afternoon because there is no secret when it comes to Government's expenditure. Yes, one may be able to point at areas of deficiencies, but wherever you have human beings, you are going to end up with situations like that. None of us condones it and we will speak against it when the situation requires that. However, that does not detract from the fact that the expenditure which is taking place is on activities which are vital to the successful development of this country.

Mr. President, with those closing remarks I beg to move that the Local Loans (Amendment) Bill be read a second time.

*The question was put to the Senate and agreed to.*

*On the motion of SENATOR THE HON. E. R. GRIFFITH, the Senate resolved itself into Committee, HER HONOUR SENATOR Dame Patricia SYMMONDS in the Chair.*

#### COMMITTEE

Madam CHAIRMAN: The Senate is in Committee.

*Clauses 1 to 2 were called and passed.*

*On the motion of SENATOR THE HON. E. R. GRIFFITH, Madam CHAIRMAN reported to HIS HONOUR, the PRESIDENT the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.*

*On the separate motions of SENATOR THE HON. E. R. GRIFFITH, the Bill was read a third time and passed and cited as the Local Loans (Amendment) Act, 2004.*

#### ORDER NO. 4 – MISCELLANEOUS AMENDMENTS (BUDGETARY PROVISIONS) BILL, 2004

SENATOR THE HON. E. R. GRIFFITH: Mr. President, I beg to move that this Bill be read a second time.

*The question was put to the Senate and agreed to.*

*On the motion of SENATOR THE HON. E. R. GRIFFITH, the Senate resolved itself into Committee, HER HONOUR SENATOR Dame PATRICIA SYMMONDS in the Chair.*

#### COMMITTEE

Madam CHAIRMAN: The Senate is in Committee.

*Clauses 1 to 2 were called and passed.*

*The Schedule was called and passed.*

*On the motion of SENATOR THE HON. E. R. GRIFFITH, Madam CHAIRMAN reported to HIS HONOUR, the PRESIDENT the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.*

*On the separate motions of SENATOR THE HON. E. R. GRIFFITH, the Bill was read a third time and passed and cited as the Miscellaneous Amendments (Budgetary Provisions) Act, 2004.*  
4.00 p.m.

SENATOR THE HON. E. R. GRIFFITH: Mr. President, on the matter relating to the Local Loans (Amendment) Act, 2004, I wish to draw Honourable Senators' attention to the fact that paragraph 2, section 410 will be amended by deleting the words 200 000 and substituting it with 275 000.

Mr. PRESIDENT: As I understand it, this is merely a typographical error. Is there a consensus that is the understanding by all Honourable Senators?

*The question was put to the Senate and agreed to.*

Mr. PRESIDENT: Then let the matter rest.

## ADJOURNMENT

SENATOR THE HON. E. R. GRIFFITH: Mr. President, I beg to move that the Senate do now adjourn *sine die*.

*The question that the Senate do now adjourn sine die was put to the Senate and agreed to and Mr. PRESIDENT adjourned the Senate accordingly.*

4.01 p.m.

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**NEWTON, Senator the Hon. Mrs. V. E.**  
**NICHOLLS, Senator G. P. B.**  
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